

**North Louisiana Area Health  
Education Center Foundation  
Bossier City, Louisiana**

**Annual Financial Report  
As of and for the Year Ended September 30, 2009**

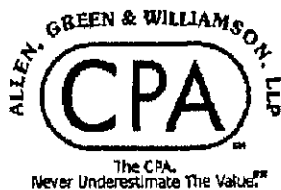
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/14/10

**North Louisiana Area Health  
Education Center Foundation**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
North Louisiana Area Health  
Education Center Foundation  
Bossier City, Louisiana

We have audited the accompanying statement of financial position of North Louisiana Area Health Education Center Foundation, a nonprofit organization, (the North La. AHEC) as of September 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the North La. AHEC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North La. AHEC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects the financial position of the North La. AHEC, as of September 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2010, on our consideration of the North La. AHEC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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Employee Benefit Audit Quality Center, and the Government Audit Quality Center  
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Our audit was made for the purpose of forming an opinion on the basic financial statements of the North La. AHEC taken as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the North La. AHEC. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Allen, Green & Williamson, LLP*  
ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
March 31, 2010

NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION

STATEMENT OF FINANCIAL POSITION  
September 30, 2009

Statement A

<u>ASSETS</u>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 173,507
Investments	34,721
Grant receivable - cost reimbursement	67,412
Prepaid expenses	<u>525</u>
Total current assets	276,165
 <b>PROPERTY AND EQUIPMENT</b>	
Office equipment	154,926
Furniture	33,109
Vehicle	18,245
Building	<u>65,223</u>
Total property and equipment	271,503
Less: Accumulated depreciation	<u>216,163</u>
Total property and equipment - net of depreciation	<u>55,340</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>331,505</u></b>
 <u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 45,986
Accrued salaries	40,183
Accrued payroll taxes	7,990
Compensated absences	26,610
Deferred revenue	115,463
Capital lease payable	<u>1,232</u>
Total current liabilities	237,464
 <b>NON-CURRENT LIABILITIES</b>	
Compensated absences	15,648
Capital lease payable	<u>5,063</u>
Total non-current liabilities	20,731
<b>TOTAL LIABILITIES</b>	<b><u>258,195</u></b>
 <b>NET ASSETS</b>	
Unrestricted net assets	<u>73,310</u>
Total net assets	<u>73,310</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>331,505</u></b>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2009**

Statement B

	<b><u>UNRESTRICTED</u></b>
REVENUES, GAINS AND OTHER SUPPORT:	
Grants - Area Health Education Program	\$ <u>1,946,392</u>
Other revenue:	
Interest and dividends	9,170
Donations	46,849
Other revenue	<u>4,545</u>
Total other revenue	<u>60,564</u>
Total revenues, gains and other support	<u>2,006,956</u>
EXPENSES AND LOSSES:	
Direct program expenses	<u>1,428,913</u>
Supporting Services Expense	
Salaries	259,575
Payroll taxes and benefits	158,069
Supplies and postage	39,063
Telephone	8,789
Travel	11,207
Other operating expenses	82,737
Depreciation	20,071
Marketing and membership	13,436
Legal and accounting	18,500
Interest expense	<u>362</u>
Total supporting services expense	<u>611,809</u>
Total expenses and losses	<u>2,040,722</u>
Change in net assets	(33,766)
NET ASSETS - BEGINNING OF YEAR	<u>107,076</u>
NET ASSETS - END OF YEAR	<u>\$ 73,310</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2009**

**Statement C**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (decrease) in net assets	\$ (33,766)
Adjustments to reconcile Increase in net assets to net cash provided by operating activities:	
Depreciation	20,071
(Increase) decrease in:	
Cost reimbursement receivable	43,442
Prepaid expenses	(525)
(Decrease) increase in:	
Accounts payable	(11,009)
Accrued salaries	12,742
Accrued payroll taxes	6,603
Compensated absences	15,150
Deferred revenue	27,127
Leases payable	<u>6,315</u>
Net cash provided (used) by operating activities	<u>86,150</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchases of equipment	<u>(21,806)</u>
Net cash provided (used ) by investing activities	<u>(21,806)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	64,344
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>143,884</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 208,228</u>
<b>RECONCILIATION TO FINANCIAL STATEMENT</b>	
Cash and cash equivalent	\$ 173,507
Investments	<u>34,721</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 208,228</u>
<b>INTEREST PAID</b>	<u>\$ 362</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**North Louisiana Area Health  
Education Center Foundation**

**Notes to the Basic Financial Statements  
For the Year Ended September 30, 2009**

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**North Louisiana Area Health  
Education Center Foundation**

**Notes to the Basic Financial Statements  
For the Year Ended September 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Corporate Purpose** The North Louisiana Area Health Education Center Foundation (the North La. AHEC) was organized without capital stock under Louisiana law on March 7, 1989, as a non-profit corporation to bring healthcare education and resources to rural and underserved communities in North Louisiana. Membership in the North La. AHEC is evidenced by certificates of membership and is limited to individuals who are members of the Board of Directors, or other persons who have the approval of the Board of Directors of this North La. AHEC. The North La. AHEC's main source of support is federal and state grants passed through various state agencies.

**Income Taxes** The North La. AHEC is qualified as an organization exempt from Federal income taxes pursuant to Paragraph 501(c)(3) of the Internal Revenue Code. No provision for income taxes is necessary.

**Cash and Cash Equivalents** For purposes of the statement of cash flows, the North La. AHEC considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Investments** If the original maturities of investments exceed 90 days they are classified as investments; however, if original maturities are 90 days or less, they are classified as cash equivalents. The investments are in certificates of deposits and corporate bonds, which are stated at the quoted fair market value.

**Use of Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Capital Assets and Donated Use of Facilities** Pursuant to their contractual agreement, Louisiana State University Medical Center (LSUMC) budgets for expenditures for capital assets to be acquired for the North La. AHEC. The contractual agreements for years 1989, 1990, 1991 and 1992, with LSUMC stated that the ownership of assets purchased with grant funds would remain with LSUMC. The agreements for years 1993 and 1994 do not specify this reversionary ownership. However, according to federal regulations, the title to assets purchased with federal funds generally reverts to the grantor at the end of the grant period. Accordingly, these costs were recorded as revenue and expenditures in the activity statement of the North La. AHEC and are not capitalized for prior years. The assets purchased beginning October 1, 1994 are budgeted for in a cooperative endeavor agreement between LSUMC and the North La. AHEC as described in Note 1 under the Revenue and Expense caption. This agreement does not contain a provision for reversionary ownership and, accordingly, as of the beginning of the fiscal year ending September 30, 1995 the North La. AHEC capitalizes assets purchased and records these purchases at cost for all assets of \$500 or more. Depreciation is calculated using straight-line method over the estimated useful lives of the assets ranging from 3 to 20 years. Depreciation expense for the year was \$20,071.

The building is capitalized and depreciated over its estimated useful life. E. A. Conway Memorial Hospital, an affiliated organization with Louisiana State University Medical Center, provides the use of land for the portable building. The use of land is not recorded in the financial statements. The office was relocated in September, 2006 to Bossier City to a rent-free building provided by an area hospital.

**Revenues and Expenses** The North La. AHEC is funded by contractual agreements with various state and federal agencies. These agreements represent exchange transactions for goods and services under the guidance provided by

**North Louisiana Area Health  
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**Notes to the Basic Financial Statements  
For the Year Ended September 30, 2009**

Statement of Financial Accounting Standards No 116 "Accounting for Contributions Received and Contributions Made". Exchange transactions do not meet the definition of contributions, accordingly, SFAS No. 116 does not apply. Support for the North La. AHEC is provided by the Louisiana Legislature through funding to Louisiana State University Medical Center (LSUMC) for continuing the operations of the Area Health Education Program. In accordance with Article 7, Section 14(c) of the Louisiana Constitution a Cooperative Endeavor was entered into by and between the Board of Supervisors of Louisiana State University Agricultural and Mechanical College, acting on behalf of the Louisiana State University Medical Center, Shreveport and the North La. AHEC. This agreement is a state funded replacement of a cooperative agreement originally between the United States Public Health Service (entered into in 1988 and terminated on September 29, 1994) and Louisiana State University Medical Center for the establishment of a state wide area health education center program.

Expenses are to be made in accordance with a budget which has been adopted and made a part of the contract agreement with LSUMC. The North La. AHEC is to be reimbursed by LSUMC for costs incurred in carrying out the provisions of this agreement. An advance is paid to the North La. AHEC by the tenth working day of each month. Revenues are recorded when earned and expenses when incurred. Additional programs added to enhance the North La. AHEC's ability to serve the community is supported by other federal and state grants. These grants operate on a cost reimbursement basis.

**Contributions** Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The North La. AHEC has not received any restricted contributions.

The North La. AHEC primarily receives cash from various government contracts on an exchange transaction for specified services. These revenues are not considered contributions and are recorded as an increase in unrestricted net assets.

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The North La. AHEC has not received any promises to give.

**Functional Allocation of Expenses** The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Costs are allocated between fund raising, management and general, supporting services or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the North La. AHEC.

**North Louisiana Area Health  
Education Center Foundation**

**Notes to the Basic Financial Statements  
For the Year Ended September 30, 2009**

**NOTE 2 – DEPOSITS AND INVESTMENTS** At September 30, 2009, the North La. AHEC had cash and cash equivalents (book balances) totaling \$173,507 in demand deposits. Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year end, the North La. AHEC's carrying amount of deposits was \$173,507 and the bank balance was \$150,167. Of the bank balance, \$72,849 was covered by federal deposit insurance. North La. AHEC had \$77,318 in a money market fund, which is insured through Securities Investor Protection Corporation (SIPC).

**Interest Rate Risk:** The North La. AHEC's policy does not address interest rate risk.

**Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the North La. AHEC's deposits may not be returned to it. As of September 30, 2009, the North La. AHEC had no custodial risk because the bank balances were fully insured by FDIC and SIPC.

**Custodial Credit Risk – Investments:** For an investment, this is the risk that, in the event of the failure of the counter party, the North La. AHEC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The North La. AHEC investments were \$34,721 at September 30, 2009: \$18,023 in CD's or equivalents insured through FDIC and \$16,698 in corporate bonds are insured through SIPC. The CD's and bonds are fixed income investments.

**Credit Rate Risk:** The CD equivalents have a Moody rating of BA2 and the corporate bonds have a Moody rating of CAA1 and an S&P rating of CCC+.

**Concentration of Credit Risk – Investments:**

<u>Issuer</u>	<u>Amount</u>	<u>Percent of Total Investments</u>
Ford Motor Cr. Co. Bonds	\$16,698	48.1%
Providian National Bank (CD)	18,023	51.9%
Total	<u>\$34,721</u>	

**North Louisiana Area Health  
Education Center Foundation**

**Notes to the Basic Financial Statements  
For the Year Ended September 30, 2009**

**NOTE 3 – FAIR VALUE MEASUREMENTS** North La. AHEC's investments are reported at fair value in the accompanying statement of financial position.

Description	Fair Value 9/30/2009	Fair Value Measurements at Reporting Date Using
		Quoted Prices in Active Markets for Identical Assets (Level 1)
Corporate Bonds	\$ 16,698	\$ 16,698
Certificate of Deposit	18,023	18,023
	<u>\$ 34,721</u>	<u>\$ 34,721</u>

SFAS No. 157, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. North La. AHEC uses appropriate techniques based on the available inputs to measure the fair value of its investments.

**Level 1 Fair Value Measurements:**

The fair value of the corporate bonds and certificate of deposit are based on quoted market prices.

**NOTE 4 – ACCOUNTS RECEIVABLE** Accounts receivable of \$67,412 at September 30, 2009, consists of amounts due from various grants for cost reimbursement. The North La. AHEC expects to collect these balances in full; therefore no allowance for doubtful accounts has been established.

**NOTE 5 – CAPITAL ASSETS** Capital asset balances and activity for the year ended September 30, 2009, are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Exhaustible capital assets				
Buildings	\$ 65,223	\$ -	\$ -	\$ 65,223
Furniture and equipment	166,229	21,806	-	188,035
Transportation equipment	18,245	-	-	18,245
Total	<u>249,697</u>	<u>21,806</u>	<u>-</u>	<u>271,503</u>
Less accumulated depreciation				
Buildings	39,636	3,485	-	43,121
Furniture and equipment	142,122	13,980	-	156,102
Transportation and equipment	14,334	2,606	-	16,940
Total	<u>196,092</u>	<u>20,071</u>	<u>-</u>	<u>216,163</u>
Capital assets, net	<u>\$ 53,605</u>	<u>\$ 1,735</u>	<u>\$ -</u>	<u>\$ 55,340</u>

**North Louisiana Area Health  
Education Center Foundation**

**Notes to the Basic Financial Statements  
For the Year Ended September 30, 2009**

**NOTE 6 – ACCOUNTS PAYABLE** Accounts payable at September 30, 2009, of \$45,986 consisted as follows:

Vendors	\$45,986
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**NOTE 7 – LINE OF CREDIT** On April 22, 2009 North La. AHEC signed a letter of credit agreement with Capital One. The principal amount was for \$75,000 with a maturity date of April 22, 2010. The balance owed on the loan was \$0 as of September 30, 2009.

**NOTE 8 – LONG TERM OBLIGATIONS** The following is a summary of the long-term obligation transactions for the year ended September 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 27,108	\$ 41,760	\$ 26,610	\$ 42,258	\$ 26,610
Capital leases	-	6,615	300	6,315	1,232
Total	<u>\$ 27,108</u>	<u>\$ 48,375</u>	<u>\$ 26,910</u>	<u>\$ 48,573</u>	<u>\$ 27,842</u>

**NOTE 9 – COMPENSATED ABSENCES** All employees earn vacation time based on their years of service. As of September 30, 2009 accrued vacations was \$42,258, which included \$3,003 of employee related benefits.

**NOTE 10 – DEFERRED COMPENSATION PLAN** The North La. AHEC sponsors all of its eligible full-time employees in a noncontributory tax-deferred compensation plan under the rules in IRC Section 403(b). The amount of contributions by the North La. AHEC to the Plan will be determined annually based on budget allocations and applicable law limitations. Contributions by the North La. AHEC totaled \$179,531 for 2009.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**Litigation and claims** The North La. AHEC is not presently involve in litigation.

**Grants Disallowances** North La. AHEC participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursing by the grantor agency for expenditures disallowed under terms of the grants. North La. AHEC's management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**NOTE 12 – DEFERRED REVENUE** The beginning balance of deferred revenue carried over from the prior year was \$88,336. Revenues exceeded expenditures for the current year. At September 30, 2009 there was \$115,463 of deferred revenue to be recorded on the financial statements for the Healthy Start federal grant.

**NOTE 13 – ECONOMIC DEPENDENCY** Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenue. The Department of Health and Human Services provided \$1,078,825 or 54% of the North La. AHEC's total revenues, which \$470,487 is state funding and \$608,338 is federal funding. The State of Louisiana (as passed

**North Louisiana Area Health  
Education Center Foundation**

**Notes to the Basic Financial Statements  
For the Year Ended September 30, 2009**

through the LSU Medical Center) provided \$530,643 or 26% of total revenues, which \$448,533 is state funding and \$82,110 is federal funding.

**NOTE 14 – BUILDING RENTAL** The North La. AHEC moved into a building in Bossier City, Louisiana in October 2006. The building is owned by Willis Knighton Medical Center and furnished rent free to North La. AHEC. The building is 3,822 square feet with a rental value of \$1.00 per square foot at current market price as determined by a local realtor. For the fiscal year 2009, donation income and rent expense of \$45,864 was recorded on North La. AHEC's financials.

**NOTE 15 – OPERATING LEASES** The North La. AHEC leased a computer and a copier under non-cancelable operating leases. Total cost for such leases was \$8,131 for the year ended September 30, 2009. The computer leases ended September 05, 2009. The future minimum lease payments for the copier lease are as follows:

<u>Year Ending Sept.30</u>	<u>Amount</u>
2010	\$ 6,972
2011	6,972
2012	6,972
2013	6,972
2014	5,810
Total	<u>\$ 33,698</u>

**NOTE 16 – CAPITAL LEASES** North La. AHEC has entered into a lease agreement as lessee for financing the acquisition of a copier. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date. The asset acquired through capital lease was a copier with a cost of \$ 6,615, which is classified as furniture and equipment. Depreciation is calculated using the straight-line method and is using a five year useful life. Current year depreciation was \$1,323, and accumulated depreciation at September 30, 2009 was \$1,323.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009 were as follows:

2010	\$ 1,462
2011	1,462
2012	1,462
2013	1,462
2014	1,096
Total minimum lease payments	6,944
Less: amount representing interest	(629)
Present value of minimum lease payments	<u>\$ 6,315</u>

**North Louisiana Area Health  
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**SUPPLEMENTAL INFORMATION**

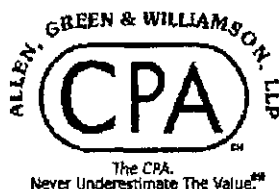
**North Louisiana Area Health  
Education Center Foundation**

**Schedule of Expenses  
For the Year Ended September 30, 2009**

**Schedule 1**

	Program Services Expenses	Supporting Services Expenses	Total
<b>Salaries and Related Expense</b>			
Salaries	\$ 781,706	\$ 259,575	\$ 1,041,281
Payroll taxes	9,881	68,464	78,345
Employee benefits	99,900	63,159	163,059
Miscellaneous personnel expense	-	26,446	26,446
Total salaries and related expenses	<u>891,487</u>	<u>417,644</u>	<u>1,309,131</u>
<b>Other expenses</b>			
Accounting and Audit	-	18,500	18,500
Advertising and Marketing	986	-	986
Board of Directors	-	2,527	2,527
Communications	-	8,789	8,789
Conferences	678	-	678
Depreciation Expense	-	20,071	20,071
Donations	-	-	-
Equipment	-	3,898	3,898
Evaluations	-	-	-
Fees	-	3,079	3,079
Insurance	-	4,799	4,799
Lease Expense	-	7,544	7,544
Licenses and Memberships	-	13,436	13,436
Maintenance	-	4,060	4,060
Miscellaneous Expense	75,607	16,494	92,101
Miscellaneous Services	34,069	2,290	36,359
Moving Expense	-	-	-
Postage	686	4,843	5,529
Printing	3,250	16	3,266
Recruiting Expense	29,087	-	29,087
Rent Expense	-	45,864	45,864
Scholarships and Memorials	3,272	-	3,272
Stipends	27,764	-	27,764
Supplies	199,625	26,455	226,080
Training	47,763	293	48,056
Travel	114,639	11,207	125,846
Total other expenses	<u>537,426</u>	<u>194,165</u>	<u>731,591</u>
<b>Total</b>	<u><u>\$ 1,428,913</u></u>	<u><u>\$ 611,809</u></u>	<u><u>\$ 2,040,722</u></u>





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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

The Board of Directors  
North Louisiana Area Health  
Education Center Foundation  
Bossier City, Louisiana

We have audited the financial statements of North Louisiana Area Health Education Center Foundation (a non-profit organization) as of and for the year ended September 30, 2009, and have issued our report thereon dated March 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the North La. AHEC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North La. AHEC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the North La. AHEC's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance & Other Matters

As part of obtaining reasonable assurance about whether the North La. AHEC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

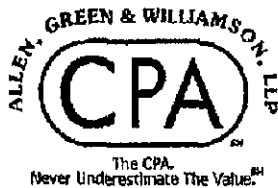
This report is intended solely for the information and use of the Board, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

March 31, 2010



## ALLEN, GREEN & WILLIAMSON, LLP

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### **Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Board Members  
North Louisiana Area Health  
Education Center Foundation  
Bossier City, Louisiana

#### **Compliance**

We have audited the compliance of North Louisiana Area Health Education Center Foundation with the types of compliance requirements described in OMB Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2009. The North La. AHEC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the North La. AHEC's management. Our responsibility is to express an opinion on the North La. AHEC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the North La. AHEC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the North La. AHEC's compliance with those requirements.

In our opinion, the North La. AHEC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 09-F1.

### Internal Control Over Compliance

The management of the North La. AHEC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the North La. AHEC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the North La. AHEC's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-F1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of North La. AHEC, as of and for the year ended September 30, 2009, and have issued our report thereon dated March 31, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

North La. AHEC's response to the finding identified in our audit is described in the accompanying corrective action plan for current year findings and questioned costs. We did not audit North La. AHEC's response and accordingly we express no opinion on it.

This report is intended solely for the information and use of the Board, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

March 31, 2010

**North Louisiana Area Health  
Education Center Foundation**

**Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2009**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
<b>CASH FEDERAL AWARDS</b>			
<b>Department of Health and Human Services</b>			
<b>Direct Programs:</b>			
Healthy Start Division	93.926	6H49MC00084-07-01, 5H49MC00084-08-00	\$472,867
 <b>Passed Through State of Louisiana Department of Health and Hospitals, Office of Public Health</b>			
Maternal and Child Health Program	93.994	663767, 649105	34,663
Injury Prevention Coordinator	93.994	651103, 652171	14,353
Total for Maternal/Child-Injury Prevention			<u>49,016</u>
 <b>Material and Child Health Program</b>			
Block Grants for Prevention and Treatment of Substance Abuse	93.110 93.959	H17MC08972 664024	70,830 15,625
 <b>Passed Through Louisiana State University Medical Center</b>			
Health Resources and Services Administration	93.107	U77HP08403-01-00	82,110
Total Federal Awards			<u><u>\$690,448</u></u>

**North Louisiana Area Health  
Education Center Foundation**

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2009**

**NOTE 1 - GENERAL** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the North Louisiana Area Health Education Center Foundation. The North La. AHEC's reporting entity is defined in Note 1 to the North La. AHEC's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

**NOTE 2 - BASIC OF ACCOUNTING** The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

**NOTE 3 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS** Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

**NOTE 4 - MATCHING REVENUES** For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

**North Louisiana Area Health  
Education Center Foundation  
Schedule of Findings and Questioned Costs  
September 30, 2009**

**PART I - Summary of the Auditors' Results**

**Financial Statement Audit**

- i. The type of audit report issued was unqualified.
- ii. There were no significant deficiencies required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.

**Audit of Federal Awards**

- iv. There was one significant deficiency required to be disclosed by OMB Circular A-133. The significant deficiency was not considered a material weakness.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed one audit finding which the auditor is required to report under OMB Circular A-133, Section .510(a).
- vii. The major federal program is:  

CFDA #93.926      Healthy Start Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular A-133, Section .520(b) was \$300,000.
- ix. The auditee does qualify as a low-risk auditee under OMB Circular A-133, Section .530.



**North Louisiana Area Health  
Education Center Foundation  
Schedule of Findings and Questioned Costs  
September 30, 2009**

**Part III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular A-133 Section. 510(a):**

**Reference # and title:**                **09-F1**                **Reporting of Federal Expenditures**

**Entity-wide or program/department specific:**

<u>Federal Grantor or Pass Through Grantor/Program Name</u>	<u>CFDA #</u>	<u>Award Year</u>
United States Department of Health and Human Services Healthy Start Program	93.926	2009

**Criteria or specific requirement:** Federal awards require complete and accurate reporting of award expenditures to the awarding agency. In addition allocated salaries and benefits should be accurately charged to the program, federal receipts should be spent on program expenses and the Agency should not build up a significant fund balance in the Healthy Start program.

**Condition found:** In testing the Healthy Start Program the following was noted:

The Financial Status Report for 2009 as filed included indirect costs. However, the award letter did not include any indirect costs allowance. Also, the amount reported as capital outlays on the report was the amount of grant revenues drawn down, not the amount of expenditures, in which the Agency collected more in revenue than it spent in the fiscal year. At the end of the fiscal year there was deferred revenue recorded on the balance sheet for excess revenue over expenses for the Healthy Start Program that has been accumulated over the last few years. Additionally, it was noted that benefits charged to this program are not consistent with the Agency's policy. The benefits charged sometimes exceed the Agency's limits and were not prorated to each program based on the salary allocations. Furthermore, it was noted that one disbursement in the sample tested was charged fully to the program when only a portion should have been charged.

Lastly, financial status reports as well as monthly requests are reviewed internally; however, no approval signatures were on the forms.

**Possible asserted effect (cause and effect):**

**Cause:** Adequate monitoring procedures are not in place to ensure that all receipts are expensed and that reports are completed accurately.

**Effect:** The Agency is accumulating a significant fund balance rather than spending the revenue on program needs and the reports filed to the Department of Health and Human Services are not correct.

**Recommendations to prevent future occurrences:** The accountant should revise her spreadsheet to ensure that the information she provides to the Director agrees with the charges to the general ledger. Salaries and associated benefits should be allocated accurately to the program. The Director should monitor the reimbursement requests and the financial reports to ensure that funds are spent and the reporting is accurate.

**North Louisiana Area Health  
Education Center Foundation**

**OTHER INFORMATION**

North Louisiana Area Health  
Education Center Foundation  
Corrective Action Plan for Current Year Audit Findings and Questioned Costs  
September 30, 2009

**Reference # and title:**            **09-F1**            **Reporting of Federal Expenditures**

**Entity-wide or program/department specific:**

<u>Federal Grantor or Pass Through Grantor/Program Name</u>	<u>CFDA #</u>	<u>Award Year</u>
United States Department of Health and Human Services Healthy Start Program	93.926	2009

**Condition:** Federal awards require complete and accurate reporting of award expenditures to the awarding agency. In addition allocated salaries and benefits should be accurately charged to the program, federal receipts should be spent on program expenses and the Agency should not build up a significant fund balance in the Healthy Start program.

In testing the Healthy Start Program the following was noted:

The Financial Status Report for 2009 as filed included indirect costs. However, the award letter did not include any indirect costs allowance. Also, the amount reported as capital outlays on the report was the amount of grant revenues drawn down, not the amount of expenditures, in which the Agency collected more in revenue than it spent in the fiscal year. At the end of the fiscal year there was deferred revenue recorded on the balance sheet for excess revenue over expenses for the Healthy Start Program that has been accumulated over the last few years. Additionally, it was noted that benefits charged to this program are not consistent with the Agency's policy. The benefits charged sometimes exceed the Agency's limits and were not prorated to each program based on the salary allocations. Furthermore, it was noted that one disbursement in the sample tested was charged fully to the program when only a portion should have been charged.

Lastly, financial status reports as well as monthly requests are reviewed internally; however, no approval signatures were on the forms.

**Corrective action planned:** Due to unforeseen personal considerations, NLAHEC's fiscal coordinator resigned abruptly in September 2008 and moved out of the country. New staff was left to close the books for the fiscal year ending September 30, 2008, as well as begin to handle the agency's fiscal matters for the fiscal year beginning October 1, 2008. Some of your audit findings are a result of this transition, as well as the learning curve associated with a federal grant program like Healthy Start/HRSA.

The federal Healthy Start budget spreadsheet has been corrected. Staff now has a clearer understanding regarding indirect cost reimbursement. In the future we will take action to clarify with HRSA our ongoing request regarding indirect costs. Until that issue is resolved, overhead expenditures like audit, insurance, and administrative wages/fringe costs will be posted as "OTHER" expenses. NLAHEC will request a reallocation of the current federal Healthy Start budget in an effort to resolve this challenge prior to the end of the current fiscal year and the next audit. All future records and reports will reflect this important change.

The staff and I are confident we can eliminate any increase in a federal fund balance in the current and upcoming fiscal years.

The staff and I will work to assure that all future employee benefit payments are consistent with NLAHEC policy and will strive to inform our funders regarding the need to maintain equity regarding all employees. Further, funders will not allow us to provide equitable employee benefits related to certain contracts, we will assure our records clearly document this and includes documentation signed/acknowledged by the employee or employees involved.

**North Louisiana Area Health  
Education Center Foundation  
Corrective Action Plan for Current Year Audit Findings and Questioned Costs  
September 30, 2009**

In the future the staff and I will carefully document by signature and date my review and approval of any federal reports, as well as financial records/reports associated with account postings to the General Ledger. These records will become a part of NLAHEC's permanent and ongoing fiscal records for future audits and account reviews.

**Person responsible for corrective action:**

Ms. Susan Moreland, Executive Director  
North Louisiana Area Health Education Center Foundation  
1513 Doctors Drive  
Bossier City, Louisiana 71111

Telephone: 318-746-46447  
Fax: 318-746-4677

**Anticipated completion date:** Immediately.